

**RULES  
OF  
DEPARTMENT OF REVENUE  
SALES AND USE TAX DIVISION**

**CHAPTER 560-12-2  
SUBSTANTIVE RULES AND REGULATIONS**

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560-12-2-.34 Employees' Meals or Beverages.

**560-12-2-.34 Employees' Meals or Beverages.**

(1) Purpose. The purpose of this Rule is to provide guidance regarding the applicability of Georgia sales and use tax to meals or beverages sold or provided without charge to employees.

(2) Meals or beverages sold to employees.

(a) The sale of a meal or beverage by an employer to an employee is subject to Georgia sales tax on the total sales price charged to the employee. The following examples illustrate the application of Georgia sales and use tax to such transactions:

1. An employer allows an employee to purchase a \$15.00 meal from the menu at a fifty percent (50%) discount. The employer is required to charge Georgia sales tax to the employee on \$7.50.

2. An employer provides a meal to an employee and declares \$5.00 as a part of the employee's compensation. The employer is required to charge sales tax to the employee on \$5.00.

(3) Meals or beverages provided without charge by employer.

(a) Meals or beverages provided by an employer without charge to an employee are taxable to the employer. The employer must

remit use tax on the cost as shown in the employer's books and records. The following examples illustrate the application of sales and use tax to such transactions:

1. An employer provides a \$15.00 meal off the menu at no charge to an employee. The employer is responsible for use tax on the cost price of the food purchased to prepare the meal.

2. An employer provides a meal and beverage that is prepared especially for employees. The meal and beverage is provided at no charge to the employee. The employer paid Georgia sales tax on the items used to prepare the meal and beverage when purchased from the supplier. No additional tax is due from the employer on the items used to prepare the employee's meal and beverage.

3. An employer allows an employee to have soft drinks during work hours without charge. The employer purchased the soft drinks under terms of resale. The employer will be responsible for use taxes on the cost price of all soft drinks provided to employees.

(b) In the event the exact cost of the employee's meal or beverage is not represented in the employer's records, the cost shall be deemed to be fifty percent (50%) of the retail sales price of the meal or beverage.

Authority O.C.G.A. § 48-2-12.